

## § 1944.407

(d) Paying for training of an employee as authorized by Attachment B of OMB Circular A-122.

(e) Paying costs other than approved indirect (including salaries) that are not directly related to helping very low- and low-income families obtain housing consistent with the objectives of this program.

### § 1944.407 Limitations.

The amount of the TA grant depends on the experience and capability of the applicant and must be justified based on the number of families to be assisted. As a guide, the maximum grant amounts for any grant period will be limited to:

(a) An average TA cost per equivalent unit of no more than 15 percent of the cost of equivalent value of modest homes built in the area. (Upon request, the County Supervisor will provide the grantee the average cost of modest homes for the area); or

(b) An average TA cost per equivalent unit that does not exceed the difference between the equivalent value of modest homes in the area and the average mortgage of the participating families minus \$1,000; or

(c) A TA per equivalent unit cost that does not exceed an amount established by the State Director. The State Director may authorize a greater TA cost than paragraph (a) or (b) of this section when needed to accomplish a particular objective, such as requiring the grantee to serve very low-income families, remote areas, or similar situations; or

(d) A negotiated amount for repair and rehabilitation type proposals. At a minimum, applicants applying for repair and rehabilitation grants must include information on the proximity of the houses in a project, the typical needed repairs, and the cost savings between self-help and contractor rehabilitation and repair.

[55 FR 41833, Oct. 16, 1990; 56 FR 19253, Apr. 26, 1991]

### § 1944.408 [Reserved]

### § 1944.409 Executive Order 12372.

The self-help program is subject to the provision of Executive Order 12372 which requires intergovernmental con-

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sultation with State and local officials. Under subpart J of part 1940 of this chapter (available in any Agency office), new applicants for the self-help program must submit their Statement of Activities to the State single point of contact prior to submitting their preapplication to Agency. The name of the point of contact is available from the State Office.

[55 FR 41833, Oct. 16, 1990, as amended at 61 FR 39851, July 31, 1996]

### § 1944.410 Processing preapplications, applications, and completing grant dockets.

(a) *Form SF-424, "Application for Federal Assistance."* Form SF-424 in an original and one copy must be submitted by the applicant to the District Director. It will be used to establish communication between the applicant and RHS, determine the applicant's eligibility, determine how well the project can compete with similar applications from other organizations and eliminate any proposals which have little or no chance for Federal funding before applicants incur significant expenditures for preparing an application. In addition, the following information will be attached to and become a part of the preapplication:

(1) Complete information about the applicant's previous experience and capacity to carry out the objective of the agreement.

(2) If the applicant organization is already formed, a copy of or an accurate reference to the specific provisions of State law under which the applicant is organized; a certified copy of the applicant's Articles of Incorporation and Bylaws or other evidence of corporate existence; certificate of incorporation for other than public bodies; evidence of good standing from the State when the corporation has been in existence 1 year or more; the names and addresses of the applicant's members, directors, and officers; and, if another organization is a member of the applicant-organization, its name, address, and principal business. If the applicant is not already formed, attach copies of the proposed organizational documents demonstrating compliance with § 1944.404(d) of this subpart.

(3) A current (no more than 12 months old) dated and signed financial statement showing the amounts and specific nature of assets and liabilities together with information on the repayment schedule and status of any debt owed by the applicant. If the applicant is being sponsored by another organization, the same type of financial statement also must be provided by the applicant's sponsor.

(4) A narrative statement which includes information about the amount of the grant funds being requested, area(s) to be served, need for self-help housing in the area(s), the number of self-help units proposed to be built, rehabilitated or repaired during the agreement period, housing conditions of low-income families in the area and reasons why families need self-help assistance. Evidence should be provided that the communities support the activity and that there are low-income families willing to contribute their labor in order to obtain adequate housing. Evidence of community support may be letters of support from local officials, individuals and community organizations. The pre-application may contain information such as census materials, local planning studies, surveys, or other readily available information which indicates a need in the area for housing of the type and cost to be provided by the proposed self-help TA program.

(5) A plan of how the organization proposes to reach very low-income families living in houses that are deteriorated, dilapidated, overcrowded, and/or lacking plumbing facilities.

(6) A proposed budget which will be prepared on SF-424A, "Budget Information (Non-Construction Programs)" will be completed to address applicable assurances as outlined in §3015.205 of 7 CFR part 3015. State and local Government will include an assurance that the grantee shall comply with all applicable Federal statutes and regulations in effect with respect to the periods for which it receives grant funding. The State and local governments shall also comply with 7 CFR part 3016.

(7) A preliminary survey as to the availability of lots and projected cost of the sites.

(8) A list of other activities the applicant is engaged in and expects to continue, and a statement as to other sources of funding and whether it will have sufficient funds to assure continued operation of the other activities for at least the period of the agreement. If multi-funded, its cost allocation plan or indirect cost rate must be part of the pre-application.

(9) Whether assistance under paragraph (d) of this section is requested and a brief narrative identifying the need, amount of funds needed, and projected time period.

(10) If a project is planned for five or more housing lots or units, an Affirmative Fair Marketing Plan is required. The plan will be in effect until the completion of the project.

(b) *Preapplication review.* (1) The District Director, within 30 days of receipt of the preapplication, Form SF-424, and all other required information and material will complete a thorough review for completeness, accuracy, and conformance to program policy and regulations.

Incomplete preapplications will be returned to the applicant for completion. The applicant should be given the name of the regional technical assistance contractor. The County Supervisor in the prospective county will be contacted as to the need for the program in the proposed area and if the necessary resources are available to the grantee. This will include a discussion of the number of 502 and 504 units that will need to be committed to the grantee and the potential work impact on the office during the grant period. If it is determined that the County Office lacks the resources (either personnel or funds) to process all loan requests in a timely manner, the District Director must communicate this need to the State Director along with a recommended solution. (Lack of resources at the county level are not grounds to deny a request). After the District Director has determined that the preapplication is complete and accurate, the District Director will assemble the material in an applicant case file and forward it to the State Director. The case file, as a minimum, must contain the following:

(i) Form SF-424,

(ii) Original and one copy of Form FmHA or its successor agency under Public Law 103-354 1940-20, "Request for Environmental Information,"

(iii) Eligibility recommendations, and

(iv) HUD Form 935.2 "Affirmative Fair Housing Marketing Plan", if applicable.

(2) The State Director may, if needed, submit the organizational documents with any comments or questions to the Office of General Counsel (OGC) for a preliminary opinion as to whether the applicant is or will be a legal organization of the type required by these regulations and for advice on any other aspects of the preapplication.

(3) The State Director, if unable to determine eligibility or qualifications with the advice of the OGC, may submit the preapplication to the National Office for review. The preapplication will contain all memoranda from OGC giving the results of its review. The State Director will identify in the transmittal memorandum to the National Office the specific problem and will recommend possible solutions and any information about the applicant which would be helpful to the National Office in reaching a decision.

(4) After an eligibility determination has been made, which should be completed within 30 days unless OGC is involved, the State Director will:

(i) If the applicant is eligible, contact the National Office as to the availability of funds or submit the proposal to the National Office for authorization if the requested amount exceeds the State Director's approval authority. If funds are available, the final review officer, either the State Director or the Assistant Administrator, Housing will issue a letter of conditions that the applicant must meet and direct the District Director to issue Form AD-622, "Notice of Preapplication Review Action."

(ii) If the applicant is determined not eligible, the State Director will direct the District Director to issue Form AD-622.

(c) *Form AD-622, "Notice of Preapplication Review Action."* (1) If the applicant is eligible and after the State Director has returned the preapplication information and the ex-

ecuted original Form FmHA or its successor agency under Public Law 103-354 1940-20 to the District Office, the District Director will, within 10 days, prepare and issue Form AD-622. The original Form AD-622 will be signed and delivered to the applicant along with the letter of conditions, a copy to the applicant's case file, a copy to the County Supervisor, and a copy to the State Director.

(2) If the applicant is not eligible and after the State Director has returned the preapplication information, the District Director will within 5 days notify the applicant on Form AD-622. The notification will inform the applicant that an appeal of the decision may be made to the National Appeals Staff under subpart B of part 1900 of this chapter.

(3) If the applicant is eligible and no grant or loan funds are available, the State Director will return the preapplication information to the District Director who will, within 10 days, notify the applicant on Form AD-622. The notification will explain the facts concerning the lack of funding and that FmHA or its successor agency under Public Law 103-354 will notify them when funding will be available. This is not an appealable decision.

(d) *Self-help technical assistance grant predevelopment agreement.* If the grantee requested predevelopment assistance and the State Director determines that the applicant lacks the financial resources to meet the conditions of grant approval, a grant of up to \$10,000 and for up to six months will be made in order for the applicant to provide what is required by paragraph (e) of this section. Exhibit D of this subpart will be used for this purpose. Existing grantees proposing to operate in an area different from the area that they are currently funded to operate are eligible for this grant. However, this grant is available only once for a defined area. This grant is available only after the letter of conditions has been issued. Denial of this assistance is an appealable decision under subpart B of part 1900 of this chapter.

(e) *Form SF-424, "Application for Federal Assistance."* The applicant will submit Form SF-424 in an original and one

copy to the District Director. The application should provide a detailed proposal of its goals including:

(1) Names, addresses, number in household, and total annual household income of families who have been contacted by the applicant and are interested in participating in a self-help housing project. Community organizations including minority organizations may be used as a source of names of people interested in self-help housing.

(2) Proof that the first group of prospective participating self-help families have qualified for financial assistance.

(3) Evidence that lots are optioned by the prospective participating self-help families for the first group. Evidence that lots are available for the remaining groups.

(4) Detailed cost estimates of houses to be built by the mutual self-help method. Plans and specifications should be submitted with the cost estimates.

(5) Proposed staffing need, including qualifications, experience, proposed hiring schedule, and availability of any prospective employees.

(6) Name, address, and official position of the applicant's representative or representatives authorized to act for the applicant and work with FmHA or its successor agency under Public Law 103-354.

(7) Budget information including a detailed budget for the Agreement period based upon the needs outlined in the proposal. SF 424A will be completed to furnish the budget information.

(8) Indirect or direct cost policy and proposed indirect cost rate developed in accordance with 7 CFR part 3015 and part 3016.

(9) Personnel procedures and practices that will be established or are in existence. Forms to be used should be submitted with the application.

(10) A proposed monthly activities schedule showing the proposed dates for starting and completing the recruitment, loan processing and construction phases for each group of participating families.

[55 FR 41833, Oct. 16, 1990, as amended at 61 FR 39851, July 31, 1996]

#### § 1944.411 Conditions for approving a grant.

A grant may be approved for an eligible applicant when the conditions in the letter of conditions are met and the following conditions are present:

(a) The applicant has or can hire, or contract directly or indirectly with, qualified people to carry out its responsibilities in administering the grant.

(b) The applicant has met all of the conditions listed in § 1944.410(e) of this subpart.

(c) The grantee furnishes a signed statement that it complies with the requirements of the Departmental Regulations found in 7 CFR part 3015 and part 3016.

(d) A resolution has been adopted by the board of directors which authorizes the appropriate officer to execute exhibit A of this subpart and Form FmHA or its successor agency under Public Law 103-354 400-4, "Assurance Agreement."

(e) The grantee has fidelity bonding as covered in 7 CFR part 3015 if a non-profit organization or, if a State or local government, to the extent required in 7 CFR part 3016.

(f) The grantee has agreed by completing SF-424B, "Assurances-Non Construction Programs," that it will establish a recordkeeping system that is certifiable by a certified public accountant that it adequately meets the Agreement.

(g) The grantee has established an interest bearing checking account on which at least two bonded officials will sign all checks issued and understands that interest earned in excess of \$250.00 annually must be submitted to FmHA or its successor agency under Public Law 103-354 quarterly. (The use of minority depository institutions is encouraged.)

(h) The grantee has developed an agreement to be executed by the grantee and the self-help participants which clearly sets forth what is expected of each and has incorporated exhibit B-2 of this subpart which clearly shows what work is expected of the participating family.

[55 FR 41833, Oct. 16, 1990; 56 FR 19253, Apr. 26, 1991]